

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 EB-08 COME-00 L-03 H-01 TRSE-00

OPIC-03 AID-05 CIAE-00 INR-07 NSAE-00 SS-15 SP-02

DOE-12 SOE-01 PRS-01 /069 W

-----004436 240117Z /73

R 231615Z DEC 77

FM AMEMBASSY MONROVIA

TO SECSTATE WASHDC 7521

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E.O. 11652 N/A

TAGS: EINV, ENRG, LI

SUBJECT: LIBERIA REFINING COMPANY (LRC)

REF: STATE 270310 AND PREVIOUS

1. ON DECEMBER 21 DEPUTY FINANCE MINISTER PADMORE INFORMED CHARGE THAT DURING NEGOTIATIONS IN NEW YORK CITY IN NOVEMBER AND AGAIN EARLIER THIS MONTH AGREEMENT WAS REACHED BETWEEN GOL AND SUN/DYNALECTRON ON ALMOST ALL POINTS. THE ONLY MAJOR DIFFICULTY, ACCORDING TO PADMORE, IS THE QUESTION OF WHO ASSUMES LRC LIABILITIES CONTRACTED AFTER SUN'S WITHDRAWAL OF ITS MANAGEMENT PERSONNEL ON MAY 8, 1977. ACCORDING TO PADMORE, IN THE SEQUENCE OF EVENTS SUN/DYNALECTRON TOOK THE POSITION THAT WHILE THEY WILL HONOR ALL LIABILITIES THAT ORIGINATED DURING SUN'S MANAGEMENT, THEY WOULD HONOR ONLY LIAIBILITIES UP TO A LIMIT OF \$2.5 MILLION AFTER THAT DATE AND WHICH ARE INCLUDED IN THE AUDIT CURRENTLY BEING CONDUCTED BY THE ACCOUNTING FIRM COOPER AND LYBRAND. THE GOL POSITION COUNTERED THAT IT WOULD NOT BE RESPONSIBLE FOR ANY LIABILITIES INCURRED AFTER MAY 8 SINCE IT HAS NEVER TAKEN OVER THE REFINERY. SUN DYNALECTRON PRO-

POSED THEY GIVE A WARRANTY TO GOL THAT WOULD COVER

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LIABILITIES UP TO \$2.5 MILLION. PADMORE SAID THAT THIS SUM WAS INSUFFICIENT AND SUGGESTED TO SUN/DYNALECTRON THAT IT TAKE OUT INSURANCE FOR \$5 MILLION FOR ANY UNCOVERED LIABILITIES. PADMORE SAID SUN/DYNALECTRON HAD NOT FOLLOWED UP ON THIS SUGGESTION AS FAR AS HE COULD TELL AND MATTERS RESTED HUNG-UP IN WHAT HE SEES AS A RELATIVELY MINOR CONTINGENCY LIABILITY.

2. IN CONCLUSION, PADMORE INFORMED THE CHARGE THAT THE FINANCE MINISTRY HAS SENT A TELEX TO SUN-DYNALECTRON IN THE LAST WEEK OR SO IN AN EFFORT TO KEEP NEGOTIATIONS ON TRACK BUT THAT THERE HAS BEEN NO RESPONSE TO DATE.

3. FYI. COOPER AND LYBRAND MANAGER RECENTLY TOLD EMBASSY OFFICER THAT LRC BOOKS ARE IN POOR SHAPE AND THAT IT IS DIFFICULT TO ASCERTAIN CURRENT LIABILITIES AND CURRENT ASSESTS. THE EMBASSY BELIEVES THAT SUN/DYNALECTRON IS WAITING FOR COOPER AND LYBRAND REPORT BEFORE RESPONDING TO FINANCE MINISTRY'S REQUEST. END FYI.

4. ACTION REQUESTED: IF OCCASION ARISES, DEPARTMENT MAY WISH TO DETERMINE FROM SUN/DYNALECTRON HOW THEY SEE CURRENT STATE OF PLAY.
HORAN

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, ENERGY, INVESTMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 23-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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